

Occupational health care

TAXATION OF OCCUPATIONAL HEALTH COSTS

The occupational health obligations of employers are provided for in the Occupational Health and Safety Act and legislation issued on the basis thereof. According to these, expenses incurred by the employer for the health of employees and for ensuring the safe and secure working environment of employees (i.e., expenses incurred by the employer for the performance of its duties) are treated as business-related expenses.

The taxation of expenses related to the provision of occupational health services will distinguish between the cases in which the expenses are mandatory by the employer, when the expenses are fringe benefits, or expenses not related to business.

According to **subsection 2 of § 32 of the Income Tax Act**, expenses are related to business if the expenses are incurred for the purpose of obtaining business income subject to taxation or are necessary or appropriate for the preservation or development of such business and the connection of the expenses to business is clearly justified and also if it arises from **subsection 1 of § 13 of the Occupational Health and Safety Act**, other sections of this Act or occupational health legislation.

The expenses incurred in the activities listed in § 13 of the Occupational Health and Safety Act (including carrying out a risk assessment and taking measures arising from the latter) **are business-related expenses** and are not subject to taxation as a fringe benefit or non-business-related expenses.

If the expenses are not made on the basis of the Occupational Health and Safety Act, the expenses will be taxed as a fringe benefit.

Example

The employer has vaccinated 10 employees and paid for the vaccination of these 10 employees. Due to the nature of the work and according to the recommendations of the occupational health doctor, the employer was obliged to vaccinate only 6 employees. Thus, the cost of vaccinating 4 employees is a fringe benefit.

In certain cases, where the cost incurred is not related to the transfer of the benefit to the employee, it may be an expense not related to business.

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